

STRONGEST BUYER OF CATALYTIC CONVERTERS



Don Belisle, Sr.
Owner of
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It Was Bound to Happen

By Don Belisle, Sr.

The past couple of years have seen a steady climb in the PGM market prices. Platinum group metals control converter pricing. Of the three metals, rhodium has by far seen the most dramatic increases. Just one year ago, rhodium's price was \$5700.00 per oz.

Through most of the year and up until recently rhodium was on a steady climb, reaching heights of \$28,000.00 per oz! That is an incredible run by anyone's standards. Back when the metal price was lower, Rh had very little effect on the price of scrap converters because, for years, the average content of Rh in converters was about 200 ppm (parts per million) - not a lot of this metal was used. However, when the price reached the upper 20K's, its effect on many converters was way more significant. At peak prices, Rh was responsible for about half the value of the average scrap converter. Combine this with the fact that the manufacturers are now using more of the metal every year to meet tougher emission standards, and the effect of Rh becomes way more significant to the price of scrap converters. Then suddenly last month, Rh dropped to \$17,000.00 per oz - a drop of nearly \$10,000.00 per oz! As of this writing, it has recovered to \$20,000.00 per oz. That is still a great number but still not anywhere near where it was.

Until May, prices had been climbing steadily, we are now seeing volatility in the market prices, which is even more important. Most of the metal brokers I have spoken with about this drop said they were sitting on significant stores

of (extremely expensive) Rh and orders for the metal were just not there. The typical knee jerk reaction is to drop the price exponentially. A lot of people (self included) feel that the worldwide low car sale numbers of April and May greatly influenced the demand forecast and then, logically, the price. The good news going forward is that worldwide car sale numbers appear to have bottomed out and are now heading the other way.

So, the question recyclers now have is, how does this affect the price I get for my converters? After all, converter pricing greatly affects what you receive for your scrap. The price we pay for converters is directly controlled by the metal price we are locked in at, commonly referred to as hedged. Typically, at Recore we hedge metal daily and more often when the market is volatile or a big buy is scheduled. Naturally, we try to hedge on the highs and ride out the lows. This is the art of the business. We also hedge for all of the smaller buys we have planned. All of our larger buys from suppliers with 100 cats or more are hedged specifically for their loads. Often a supplier will call and say he has X number of pieces for delivery/pickup next week and asks, "Where is the market?" We discuss and can lock them in or they can gamble into the future. It is their choice! Often when the prices spike "artificially," we will hedge extra material because that helps us keep our prices high and gives our suppliers

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GOLD	SILVER	PLATINUM	PALLADIUM	RHODIUM
1863.50	27.91	1157.00	2689.00	21000.00
-14.30	-0.02	+13.00	-15.00	+1000.00

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a chance to take advantage of those market spikes. The bottom line is that prices are still very high but they are even more volatile than in the recent past.

How to Spot a Converter Thief

Of the thieves we have helped identify and prosecute, there is one trait they all share - they all want to work as little as possible. A big red flag is waved when someone selling you converters only brings you high end material. We have seen this time and again where the same peddler/

thief has always got a great mix of converters but he never has after markets or low-end material. In the real world, consistent great mixes of converters rarely exist. It doesn't take long for the thief to learn which converters are worth the most money. With this knowledge, he can only steal a few converters and still do quite well. So do what we do at Recore - if someone is waving a big red flag (only having top notch converters), look at him very carefully because he could well be a thief. We all work very hard for our money so let's stop the thieves when and where we can!

NH ATRA Meeting

We were pleased to host our first in-person, since Covid, monthly ATRANH meeting on Wednesday June 2, 2021. As always, it was nice to see everyone. It had been over a year since we all had been together for a meeting.

Our guest speaker, Laurel Pushee, from NHDES, came to introduce herself and spoke at the meeting. She provided insight on current topics, as well as answered some questions.

Not only do these meetings provide an informative session, they also bring everyone together to share ideas and information on important topics within the industry. Every yard has had different experiences, and may come from a different point of view, but they all share the same goal of executing best practices and adhering to the rules and regulations set forth by the state of New Hampshire.

This is part of the reason why these meetings are so valuable, we are able to go beyond the informative sessions, and help each other and try to find solutions for any circumstances that may arise.



You will always get more... By Becca Skowrya



With the markets being how they are, and a lot of people trying to get into the converter buying business, it's hard for the suppliers to know if they are getting the best pricing. Recently a new supplier of ours, had our buyer come out for a pick-up of his converters. This is his first time selling to us and he mentioned to our buyer

how stressful selling converters can be. He said, "you know, it's always nerve wracking when I sell, because I always wonder if I'm getting the best price..." and our buyer's answer was simple, "I understand, but what I can say is, when we (Recore) leave after we grade your converters, you know you're always going to get more with the assay and you will get that second payment". With that being said, our supplier doesn't need to worry about some other guy coming in, trying to one up us, just to get the deal on the spot. The supplier can rest assured knowing that we offer the best pricing up front and that in 10-14 days he will still receive more.

For a lot of suppliers, they have people coming in or calling them all day, everyday, trying to buy their converters, but a lot of them are not the converter processor. So the suppliers have to sit there and think "well who are these guys going to sell to after?... what's their profit going to be?". With Recore, you do not have to worry about that. We grade your converters, and assay them to get you the highest return. All while doing everything in house.

At Recore, here is how it works, you're getting paid upfront, and you know you will receive additional payment in just 10-14 days with the assay payment. And because we are able to do everything in house- you are going to get the best pricing. We also feel transparency is important, so we provide a detailed settlement sheet explaining what the computerized analysis of your converters showed. By doing this, suppliers don't have to wonder about the "unknown".

Our converter buying process is simple: one of our buyers will go to your yard, or you can come to us,

we grade your converters, and pay you on the spot. We then bring your converters back, we de-can and process them in-house, analyze in our own lab, and pay you for every gram of precious metals you sold us. We also do an entire load grind so you know you're getting the best value of your converters. Because we do everything in house, this eliminates all of the middlemen. By doing all of the steps mentioned above, this is how we maximize your profit.

A couple of years ago, when I was calling a supplier that would be new to us, he was concerned that we would "hand pick" each low grade converter to assay and low ball him with the final payment. We DO NOT do that. I explained to him that if that was something we did, we would never have a returning supplier ever, and we would be out of business. We wouldn't be going on 32 years strong. We only do well, if YOU do well. Thankfully, he has been a regular supplier of ours since then.

When I first started, I was calling some yards that had been in business for a while, some had been in business for decades... They weren't selling to us at the time, some of them were too nervous to take a perceived risk on something "new"... They had been selling to the same person/company they started with a decade or so ago... which I can appreciate, it is a tough business. I explained how Recore is different and we can back it up. They agreed to do a test load of 100 converters and have never looked back as they are now making more money with us.

Change is hard, especially if you've been in business for a long time. It's a good business practice to do your due diligence and every now and then see what else is out there, and with Recore, you will see an opportunity for you to make more money. So please do not hesitate to give me a call if for nothing more than to make sure that you are making as much money as possible. There is absolutely no risk in that.

Call us today! 603-437-3000



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Look for Great When Hiring Employees By Sandy Blalock



Finding employees often starts, not with a job posting or a help-wanted ad, but with making sure people will understand your business. Think about what your business culture has to offer employees because that will be your message. Not sure how to answer that ask your employees why they work for you and what they enjoy most working for you.

Your company culture is the answer to the question, “Why would someone want to be part of my team?”

So, before you hang that sign in the window, take a few minutes and craft your business identity. When you’ve done that, be sure to convey that culture in whatever method you choose to find employees for your business. That way, those prospective employees will know right away if you’re the kind of business they want to add to their career profile.

Some methods that have been successfully used are Job Board websites, maybe one managed by the state unemployment office. It may seem old fashioned, but they still are the go-to sources for both employees and businesses. Keep in mind that posting an ad no matter where can quickly (hopefully) bring in many responses so I would recommend setting up a separate email account just for this purpose. Also be sure to not list your phone number.

Another more unique way to find employees, take a page from your nearby college, tech school or university play-book and organize a career day. This will give potential candidates an opportunity to visit your business, talk with your team and experience your company culture, along with learning about the potential careers your business may offer. If hosting at your facility does not appeal to you then look at ways to partner with other businesses. I have seen many communities organizing career days so jump at the opportunity to be part of one of those programs.

Don’t forget your local community college or university. Most of these institutions have career centers with dedicated staff to help their students find jobs after (and sometimes before) graduation. In many instances, the career center will even have its own job board and email distribution list for promoting employment opportunities that might apply to its alumni. Getting your job included in this resource is a powerful way to reach a large number of individuals quickly and, often, without cost. Also, don’t forget to ask them if they host an annual career fair and start prepping to be part of those.

Another idea might be asking your customers for potential leads. Include a referral form (name and phone number/email address is enough) on the bottom of your receipts

and have your cashiers mention that all responses will be entered for a chance to win a prize

Here’s the most important consideration when looking to fill a position look internally at your current employees – maybe even post the job listing on your employee bulletin board first. You have employees that understand your business and culture so take full advantage of this first and foremost. Not only is there the potential you have an employee there that can fill an opening, but they can also help spread the news that their company had job openings.

The best thing about any method you will use to finding employees is that you don’t have to constrain yourself to just one. Try two, three, or all to find out what works best for your business. If posting flyers didn’t bring you viable candidates but you saw some success with Craigslist, then maybe next time start with Craigslist. Don’t hesitate to discard what doesn’t work and concentrate more on what does work.

Organization is key whether you’re trying to find employees or manage the ones you’ve got, however in many cases, the organization necessary to conduct a new employee simply boils down to scheduling. Don’t wait for a free moment that never comes. Find the right tools and carve time out of your busy day to sit

down and focus on perfecting your employee search.

Never forget that you will most likely always be looking for new talent so create a “Careers” page on your company’s website in case talented people ever want to check you out. Even if you currently don’t need someone in a specific role, it’s a good idea to keep job postings on your site. If someone is that interested to look up your company and find the job posting, you know they are already one step ahead of the game when it comes to being a player. Aside from just being a great stand-alone resource on your website, a ‘Careers’ page can be included in all the other ways you choose to find employees. Plus, it can turn up in the search results if someone is actively looking for jobs online.

Regardless of what channel you use to find employees, always be on the lookout for **“great”** rather than “experienced”. As a business owner, you may be operating with the belief that experience trumps everything. Unfortunately, I believe many have found this not to be true and may not be the best fit for your business. So, find **great people** and give them the experience they need to succeed. We as an industry have a lot to offer in the way of careers so let’s all look to hire **“great” people** and take this industry into the future.



What is my Business Worth, Ron? By Ron Sturgeon



My comments here are very philosophical and general in nature, but because I get so many inquiries on this topic, I thought it might be good to discuss it. Most, if not all, of the principles here apply to most any business, not just recycling businesses.

I have been hired many times to help determine the value of a yard (not including real estate), in cases ranging from contract disputes, tax cases, condemnations, and assisting buyers and sellers.

I have NEVER heard of a salvage yard (not including real estate) selling for more than one times annual sales, and most often it sells for much less. Typically, the sales price for the business is a multiple of earnings (about 4 times earnings), which need to be legitimately recast to correct errors. Another method is to use the value of the assets. An operation with significant upside can be worth more than 4 times earnings. It's funny, most sellers are "just turning the corner on earnings" and nearly always see significant upside, even though they have been in the used parts business for decades. These numbers are very much estimates, and rely on many factors. For instance, if all your equipment is worn out, expect to get dinged for at least part of that cost taken off of the indicated price as a multiple of earnings.

In asset discussion, the value of used parts inventory always comes up. Typically, it can't be worth more than about three months sales (from that inventory, not including brokered parts or car sales). Many folks think because their warehouse is bursting at the seams, with hundreds of engines, that the inventory is worth a ton. INVENTORY IS ONLY WORTH WHAT IT CAN PRODUCE IN SALES. Maybe it won't surprise you, most recyclers are pack rats and save way too many parts, that are unlikely to ever sell. Yep, squeeze that last nickel of revenue, but spend a dime to do it pulling and saving parts.

The earnings used for the multiple must include fair market value rent (which will drive the land value), and compensation for the owner.

The land may be worth more for other uses, and if so, sell it for those uses and close the yard. Also, a typical well-run yard shouldn't need more than 10 acres (many do well with 3-7 acres), so I suggest you sell the yard with the land currently being utilized, not to exceed 10 acres, and sell rest of the land to another user who can pay top dollar. No need to buy a shopping center to get a store, from the buyer's perspective.

The land value for the wrecking yard should be driven by the rent payment being made, using a 8%-10% or so return on investment. A typical real estate investor will want a higher return due to environmental risk. Obviously an ex-operator could settle for less of a return, as they are more comfortable with the risk. So, your P&L should show the rent, before net earnings. If the rent is say, \$3,000/mo, or \$36,000 per year, on a triple net lease (where the tenant pays insurance, taxes and most other expenses), the land is

worth about \$400,000 for the yard use (give or take some, but not much, I'm using a 9% return). If you aren't paying yourself enough rent, why not? Why do you care, you keep the profits? If your land is worth more than \$400,000, you're not paying enough rent. Many operators, who think they are making money, aren't making anything because they aren't paying themselves enough rent.

If after rent, (\$36,000), and adequate compensation to owner (at least \$50,000), cost of goods sold and other expenses, you still have earnings, of say, \$35,000 (10% of sales), the business is worth a maximum of \$140,000 (4 times earnings), and the land is worth about \$400,000 based on the rent being paid. If the rent isn't market rate, or there has been significant development in the area, the land could be worth more of course, perhaps much more. Obviously if the earnings are more and can be proven, the business could be worth more.

My experience is that owners hardly pay themselves anything, and rent isn't being paid, or is not at market rates, and once the rent is adjusted to the right rate and the owner is paid a reasonable amount, the earnings are negative, which means the whole enterprise is worth commensurately less, if anything, and it's likely time to liquidate and sell the land, and retire.

Ninety percent of people that contact me are unrealistic about the value of their business. Their savior is that their land is worth more for other uses. If you are looking to sell your business, be sure to find out what the land is worth – it may be time to close or move the business and realize the value of the land.

I look forward to seeing old friends and making new ones at this year's ARA convention in November, in Dallas.

Remember only you can make business great!

Ron Sturgeon, Mr. Mission Possible, has been a successful business owner for more than 35 years. As a small business consultant, he can deliver wisdom and advice gleaned from an enviable business career that started when he opened a VW repair business as a homeless 17-year-old and culminated in the sale of several businesses he built to Fortune 500 companies.

Ron has helped bankers, lawyers, insurance agents, restaurant owners, and body shop owners, as well as countless salvage yard owners to become more successful business people. He is an expert in helping small business owners set the right business strategies, implement pay-for-performance, and find new customers on the web.

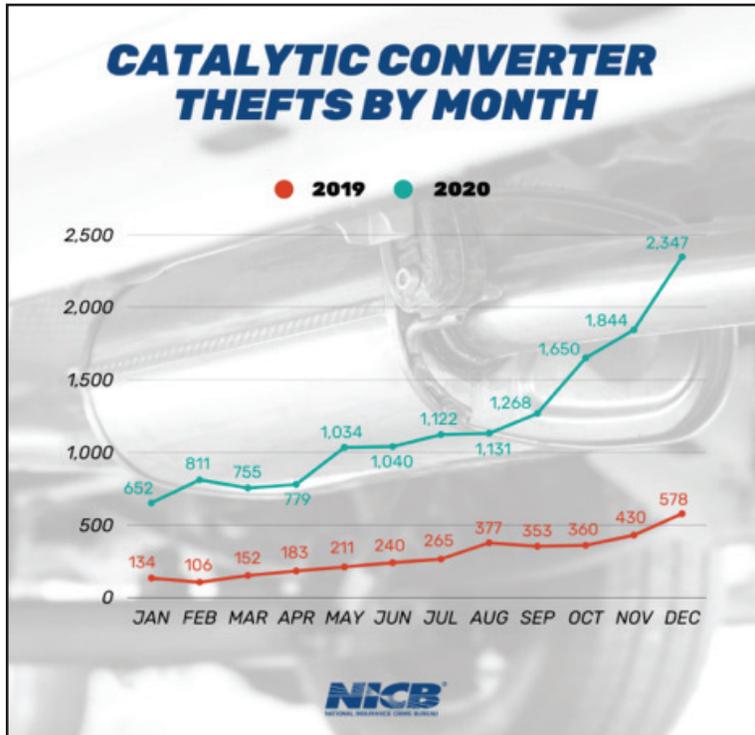
His upcoming and last book is titled Homeless to \$100 Million. I've been giving business advice for years, but have never advised on how to build wealth, with an actionable road map. The mantra of the book is to build wealth, not income, because they are not the same.

To inquire about consulting or keynote speaking, contact Ron at 817-834-3625, ext. 232, rons@MrMissionPossible.com, 5940 Eden, Haltom City, TX 76117.

The following is an article published by the National Insurance Crime Bureau in March, 2021

DES PLAINES, Ill., March 9, 2021 — According to the National Insurance Crime Bureau (NICB), catalytic converter thefts have seen a significant increase across the country since March of 2020, the start of the global pandemic.

“Vehicle thefts, carjackings, and break-ins are all crimes we’ve witnessed trending upward for several months, and now catalytic converter thefts are also on the rise,” said David Glawe, President and CEO of NICB. “We have seen a significant increase during the pandemic. It’s an opportunistic crime. As the value of the precious metals contained within the catalytic converters continues to increase, so do the number of thefts of these devices.



There is a clear connection between times of crisis, limited resources, and disruption of the supply chain that drives investors towards these precious metals.”

A catalytic converter is a device that looks like a small muffler along with the exhaust system. It is designed to convert the environmentally hazardous exhaust emitted by an engine into less harmful gasses. To do this, manufacturers use platinum, palladium, or rhodium. In recent years, the values of these precious metals have increased significantly. As of December 2020, rhodium was valued at \$14,500 per ounce, palladium at \$2,336 per ounce, and platinum going for \$1,061 per ounce. Typically, recyclers will pay \$50 to \$250 per catalytic converter.

According to NICB’s Operations, Intelligence and Analytics study of reported thefts, there were 108 catalytic converter thefts per month on average in 2018, 282 average monthly thefts in 2019, and 1,203 average thefts per month in 2020. During this time period, the top five states for catalytic converter thefts were California, Texas, Minnesota, North Carolina, and Illinois. In 2020, there was a continual climb in thefts. January had the fewest number of thefts at 652,

but it continued to climb markedly throughout the year, with December having 2,347 thefts.

As of the end of February 2021, 18 states – Arkansas, Georgia, Hawaii, Illinois, Indiana, Iowa, Minnesota, Missouri, New Mexico, New York, North Carolina, North Dakota, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, and West Virginia – are evaluating potential legislative actions to curb the theft problem.

“Removing a catalytic converter takes only minutes using some basic, readily-available, battery-operated tools from a local hardware store,” added Glawe. “And for the vehicle owner, it’s costly due to the loss of work, finding and paying for alternate transportation and then paying anywhere from \$1,000 to \$3,000 to get your vehicle fixed.”

The NICB recommends vehicle owners:

- Install a catalytic converter anti-theft device. These are available from various manufacturers and can provide a level of security from theft.
- Park fleet vehicles in an enclosed and secured area that is well lit, locked, and alarmed.
- Park personal vehicles in a garage. If not possible and vehicles must be parked in a driveway, consider installing motion sensor security lights. While lights may not provide complete security, it may make some thieves think twice, making them leave the area and your vehicle untouched.
- Call local law enforcement and your insurer should you become the victim of a catalytic converter theft.

In some cases, this theft is covered by insurance. The optional comprehensive portion of your insurance policy, the portion that covers damage caused to your vehicle not caused by accident, covers this kind of loss. However, the owner will be responsible for paying the deductible. If your deductible is \$1,000 and the cost to repair the damage costs \$1,000 or maybe a few hundred dollars more, drivers may not opt to file a claim. The NICB advises drivers to contact their insurer to report the theft and determine the best course of action.

CATALYTIC CONVERTER THEFTS SKYROCKETING ACROSS THE NATION

AVOID BECOMING A VICTIM:

- 1 Park in a garage or in a secured parking area
- 2 Install a bright, motion sensor light to dissuade potential thieves
- 3 Park fleet vehicles in secured, alarmed, and well-lit yards
- 4 Always lock vehicle and set alarm
- 5 Install an anti-theft device



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How come there's no Knock Knock joke about America?

Because freedom rings.



Why did Paul Revere ride his horse from Boston to Lexington?

Because the horse was too heavy to carry.



Did you hear the one about the Liberty Bell?

Yeah, it cracked me up!

What did the fuse say to the firecracker?

Lets get together and "pop it like its hot".



Why did the duck say bang?

Because he was a firequacker.

What do you get when you cross Captain America with the Incredible Hulk?

The Star-Spangled Banner.

What happened as a result of the Stamp Act?

The Americans licked the British!

What's the difference between a duck and George Washington?

One has a bill on his face, and the other has his face on a bill



Who was the biggest jokester in George Washington's army?

Laughayette

Why were the first Americans like ants?

They lived in colonies.

What quacks, has webbed feet, and betrays his country?

Beneduck Arnold.

What protest by a group of dogs occurred in 1772?

The Boston Flea Party.

What did one flag say to the other flag?

Nothing. It just waved.



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